Decline in savings

6036. SHRI CHIMANBHAI MEHTA:

SMT. RENUKA CHOWDHURY:

Will the Minister of FINANCE be pleased to state:

(a) What constitutes savings in the national economy;

(b) whether the savings have declined during the last few years of liberalisation period;

(c) if so, how GDP is going up; and

(d) how decline or grwth in savings is defined and described?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) As per the publication National Accounts Statistics: Sources and Methods; 1989 brought out by the Central Statistical Organisation (CSO) saving represents the excess of current income over current expenditure and is the balancing item on the income and outlay accounts of producing enterprises and household, government administration and other final consumers.

(b) to (d) The trends in gross domestic savings (GDS) and growth in gross domestic production (GDP) as per the latest information available with the CSO are as under:—

	1991-92	1992-93	1993-94	1994-95
			Q	A
1. GDS Rs. Crore	142029 (12.0)	140635 (—1.0)	158493 (12.7)	
2. GDS as percentage of GDP	23.1	20.0	20.2	
3. GDP at factor cost Rs. crore	214156 (0.9)	223438 (4.3)	233042 (4.3)	24530 (5.3)

NOTE: Figures within brackets are percentage change over the preceeding year; 1 & 2 at current prices, 3 at 1980-81 prices;

Q: Quick Estimate;

A: Advance Estimate.

Exemption in tax on corporate sector

6037. SHRI CHIMANBHAI MEHTA:
SHRI P. UPENDRA:

Will the Minister of FINANCE be pleased to state:

(a) the allowances and exemptions in tax on Corporate sector;

(b) whether it is a fact that some of the largest and most profitable corporations do not pay any corporate tax;

(c) how they avoid corporate tax; and

(d) whether it is a fact that payment of corporate tax and tax on dividend income are double taxation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) while the complete details of allowances, exemptions and deductions, available to the Corporate sector, are to be found in the different provisions of the Income-tax Act, 1961, a brief summary of some of these provisions is furnished in the Statement (*See* below).

(b) and (c) It is possible that some of the profit making companies do not pay any corporate tax on account of the fact that they are entitled to one or more of the exemptions, deductions or allowances provided under the Income-tax Act, 1961;

(d) While, prima facie, taxation of the corporate profits first in the hands of the companies and then again in the hands of the shareholders by way of dividends may appear to be a double taxation, it is pointed out that, in effect, this system of taxation contemplates only collection of taxes at two different stages first from the corporations and thereafter from the investors, after duly allowing certain basic deductions under section 80-L of the Income tax Act, 1961.

Statement

Allowances/Exemptions/Deductions for Corporate Sector under the Income-tax Act, 1961

Following are some allowances/exemptions/deductions available to the Corporate Sector under the Income-tax Act, 1961. While some of them pertain exclusively to companies, the others are available for all assessees including companies. The deductions/exemptions are subject to the conditions mentioned in respective section:—

Sl.No	Section of the I.T. Act 1961	Brief description of the nature of exemption/ deduction/allowance
1	10 (1)	Agriculture income
2	10 (30) 10 (31)	Replantation subsidies granted to assessees engaged in growing and manufacturing of tea, coffee, rubber, cardamom, etc.
3	10A	Profits & Gains of newly established undertakings in Free Trade Zones.
4	10B	Profits and gains of newly established 100 per cent export oriented units.
5	32	Depreciation at rates varying from 5% to 100% as mentioned in I. T. Rules, 1962.
6	33A	Development allowance in respect of planting of tea bushes.
7	33 AB	Deduction in respect of deposits in Tea development accounts.
8	33AC	Deduction in respect of reserves created by shipping companies.
9	33B	Rehabilitation allowance in respect of discontinued business of industrial undertakings.
10	35 80 GGA	Expenditure on Scientific research.
11	35A	Expenditure on acquisition of Patent Rights or Copy rights.
12	35AB	Expenditure on acquisition of knowhow.

Sl.No	Section of the I.T. Act, 1961	Brief description of the nature of exemption/deduction/ allowance
13	35AC .	Expenditure on certain eligible projects and schemes for promoting social and economic welfare of the public.
14	35CCA	Expenditure by way of payment to notifed rural development fund.
15	35CCB	Expenditure by way of payment for programmes conservation of natural resources.
16	35D	Amortisation of preliminary expenses.
17	35E	Deduction for expenditure on prospecting for certain minerals.
18	36	Deductions on account of bad debts, contribution to approved gratuity fund, P. F. Superannuation Fund Insurance premium on stocks, expenditure for promotion of family welfare, amongst employees of a Company etc.
19	37.	Expenditure laid out or expended wholly and exculsively for the purpose of business or profession.
20	47 (iv) & (v)	Exemption from capital gains respect of certain transfers of capital assets between a company audits subsidiary.
21	54G	Expemption of capital gains on transfer of assets while shifting industrial under-takings from Urban area to non-urban areas.
22	80G	Deduction in respect of donations to certain funds, charitable insitiutions, etc.
23	80HH	Deduction of profits and gains of newly established industrial undertakings or hotels in backward areas.
24	80HHA	Deduction of profits and gains from newly established small scale industrial under-takings in certain areas.
25	80HHB	Deduction in respect of profits and gains from projects outside India.
26	80HHC	Deduction in respect of profits retained for export business.
27	80HHD.	Deduction in respect of earnings in convertible foreign exchange.
28	80HHE	Deduction in respect of profits from export of computer software.
29	80-I	Deduction in respect of profits and gains from industrial undertakings after a certain date.
30	80-IA	Deduction in respect of industrial undertakings located in industrially backward States, power generating companies, etc.
31	80M	Deduction in respect of inter-corporate dividends.
32	80-O	Deduction in respect of royalties received from foreign enterprises.
33	80-Q	Deduction in respect of profits from the business of publication of books.